

VZCZCXYZ0004
OO RUEHWEB

DE RUEHUL #0707/01 0990922
ZNY CCCCC ZZH
O 080922Z APR 08
FM AMEMBASSY SEOUL
TO RUEHC/SECSTATE WASHDC IMMEDIATE 9261
INFO RUEHBJ/AMEMBASSY BEIJING PRIORITY 4064
RUEHKO/AMEMBASSY TOKYO PRIORITY 4217
RUEHMO/AMEMBASSY MOSCOW PRIORITY 8641
RHHMUNA/CDR USPACOM HONOLULU HI PRIORITY
RUALSFJ/COMUSJAPAN YOKOTA AB JA PRIORITY
RUACAAA/COMUSKOREA INTEL SEOUL KOR PRIORITY
RHMFISS/COMUSKOREA J5 SEOUL KOR PRIORITY
RHMFISS/COMUSKOREA SCJS SEOUL KOR PRIORITY
RHEHNSC/NSC WASHINGTON DC PRIORITY
RUEKJCS/SECDEF WASHINGTON DC//OSD/ISA/EAP// PRIORITY

C O N F I D E N T I A L SEOUL 000707

SIPDIS

SIPDIS

STATE PLEASE PASS USTR FOR SCHWAB AND CUTLER

E.O. 12958: DECL: AFTER KOREAN REUNIFICATION
TAGS: [PGOV](#) [PREL](#) [ETRD](#) [PINR](#) [KN](#) [KS](#)
SUBJECT: NSA KIM ON NORTH KOREA, SUMMIT AND ALLIANCE ISSUES

Classified By: AMB. Alexander Vershbow. Reasons 1.4(b/d)

1. (C) SUMMARY: Over an April 8, 2008 luncheon meeting with the Ambassador, ROK National Security Advisor Kim Byung-kook said that President Lee's position on North Korea had not changed despite the heated rhetoric from Pyongyang. Lee wanted "sincere and substantive" dialogue with the North, discussing frankly the problems and aspirations of both sides. Still, the deterioration in the North-South relations was not good; Seoul might consider making an overture after the April 9 legislative elections and LMB's visit to Washington. Regarding the visit, NSA Kim said he was "certain" that the beef issue would be resolved before the summit meeting, allowing LMB to promote the KORUS FTA to American legislators and businessmen. Kim also expressed his desire to work toward strengthening the U.S.-ROK alliance by resolving small and large problems encountered by USFK, but cautioned that many "bureaucrats" remained set in their old ways; it would take some time to get the message out. Regarding the reported 10 percent cut proposed for the defense budget, Kim said that this was an across-the-board request to all ministries, not just the Ministry of National Defense. No actual cuts have been identified, however; the purpose of the request was to make MND (and other ministries) justify why cuts less than 10 percent should be made. In this regard, Kim said that the ROK's Defense Reform 2020 would need to be revised to reintroduce the notion of a "main enemy" (North Korea) that had been omitted under Roh Moo-Hyun. END SUMMARY.

NORTH KOREA: WHAT IS TO BE DONE?

2. (C) Blue House Senior Secretary for Foreign and Security Policy, Kim Byung-kook, opened the April 8 luncheon meeting with the Ambassador by expressing his own frustrations at the angry and insulting statements from Pyongyang criticizing President Lee Myung-bak. The LMB administration would not be intimidated by such rhetoric. President Lee had made it clear that he wanted genuine dialogue with the North that was "sincere and substantive." This was LMB's language for frank discussions between Seoul and Pyongyang that were not formulaic, but focused on what each wanted from the other party. LMB wanted a business-style dialogue with the North, Kim said.

13. (C) Still, Kim was concerned about the turn of events, making it clear that ROK JCS Chief Kim's comments that provoked the heated reaction from the North was a mistake. Two weeks ago, the Blue House wanted to launch an initiative to upgrade transportation and communication facilities in the Kaesong Industrial Complex (KIC); this was now in limbo. Kim was also worried by the lack of a request for humanitarian assistance from the North, because it was clear that North Korea was facing substantial food shortages. But how could South Korea provide rice and fertilizer assistance in the absence of a request? Kim speculated that "quite soon," perhaps after the April 9 National Assembly elections and LMB's visit to Washington and Tokyo later this month, the ROKG would try contacting the DPRK. For now, he said, there was no contact between Seoul and Pyongyang.

SUMMIT ISSUES

14. (C) Kim said he thought that summit planning was proceeding well. Blue House staff were preparing extensive briefing papers, which Lee would read, but, in the end, Lee would rely on his instincts and core beliefs -- like President Bush, he was not interested in a pre-scripted conversation at Camp David. Among the issues most important to LMB was North Korean human rights; LMB believed in straight talk. At the same time, LMB also felt strongly about extending humanitarian assistance to the North Korean people

15. (C) Turning to trade issues, Kim said the Blue House was committed to resolving the beef issue before the summit. "There will be an agreement" on beef, Kim assured the

Ambassador. Moreover, LMB would use his meetings with Congressional and business leaders in New York and Washington to show that he was business friendly, very much in favor of open markets for goods and services. When the Ambassador suggested that Lee make a personal commitment to U.S. business leaders to resolve any trade problems that might arise, Kim said that "it's already in his speeches" to corporate audiences.

ALLIANCE ISSUES AND DEFENSE BUDGET

16. (C) The Ambassador said that he hoped the summit would also include a broad discussion on the direction of the U.S.-ROK Alliance. Although the Presidents should defer to their ministers on detailed topics, such as the SMA and troop realignment, they should exchange views on Korea's regional and global role and the longer-term vision of the Alliance. Although it may be too early for concrete decisions on additional contributions in Afghanistan or full participation in PSI, the Ambassador suggested that it would be helpful if LMB could signal -- to the President and publicly -- that such steps are under active consideration. The summit should also provide some momentum to resolve a number of outstanding issues involving USFK, such as base returns and the appropriate level of U.S. troops in Korea. Some of these issues were ripe for quick resolution, the Ambassador said, and were opportunities to show that it would be easier to do business on defense matters with the LMB Administration.

17. (C) Kim expressed genuine frustration that these problems involving USFK had festered so long. One real difficulty was that the bureaucrats throughout the government had not gotten the message of the new leadership. Kim promised that the Blue House would be helpful in finding solutions, but cautioned that these were early days for the new administration. After ten years of "leftist" government, it would take some time to change course, Kim said.

18. (C) Responding to the Ambassador's concern that the government's policy of cutting the defense budget by 10 percent could damage the ROK's defense capabilities and also

threaten the "Defense Reform Plan 2020," Kim said that all ministries had been instructed to identify budget cuts of 10 percent. The saving would be spent on new productive projects. Still, Kim emphasized, no decisions had been made on what to cut and by how much. The instruction was essentially a request from President Lee that all government spending must be justified. On Defense Reform 2020, Kim said that the whole plan had to be revisited because its central assumption that South Korea had "no main enemy" was not correct. North Korea was the primary enemy and the defense plan had to reflect this new "security doctrine." This change in security doctrine would have implications throughout the plan, including the amount of spending needed.

COMMENT

19. (C) NSA Kim is on a steep learning curve, trying to put together LMB's various pronouncements into consistent foreign policy while putting out fires on several fronts. Over the past two months, Kim has made some progress in framing the ROK's policy toward the North. Now he must do likewise on the ROK's relations with the United States. A strong supporter of the Alliance, Kim, we believe, will be instrumental in forwarding helpful ideas and resolving many problems facing USFK inherited from the previous government. He seems determined to develop collegial working relations with his colleagues in the Cabinet, and expressed an interest in more frequent interaction with Americans in both Seoul and Washington, including members of Congress. END COMMENT.

VERSHBOW